



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 6

EXEMPT INCOME

CHAPTER 7

PURCHASED LIFE ANNUITY PAYMENTS

Partial exemption for purchased life annuity payments

720 Exempt proportion: term dependent solely on duration of life

- (1) In the case of an annuity within section 719(7) (term dependent solely on duration of life), the exempt proportion is —

$$AP \times \frac{PP}{AV}$$

where—

AP is the annuity payment,

PP is the purchase price of the annuity, and

AV is the actuarial value of the annuity payments.

- (2) The purchase price of the annuity is the total amount or value of the consideration given for the annuity.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 720. (See end of Document for details)

- (3) The actuarial value of the annuity payments is their value at the date when the first of the payments starts to accrue.
- (4) That value is determined—
 - (a) by reference to tables of mortality prescribed under section 724,
 - (b) taking the age at that date of a person during whose life the annuity is payable as that person's age in whole years on that date, and
 - (c) without discounting any payment for the time to elapse before it is payable.
- (5) But if it is not possible to determine that actuarial value by reference to the tables mentioned in subsection (4)(a), it is such amount as may be certified by the Government Actuary or the Deputy Government Actuary.

Status:

Point in time view as at 06/04/2005.

Changes to legislation:

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